

No job gains in August

Zero employment gains in August (forecast was for +65k), though the unemployment rate remained at 9.1%. Previous months data was revised lower. A strike at Verizon accounted for a loss of 45k jobs, though Minnesota rehired 25k, so I suppose you could argue it was a net gain of 20k. The data was the weakest since September 2010. Worse still, hourly earnings fell by -0.1% and the average work week dropped by 6 minutes to 34.2 hours. The U6 (underemployment rate) increased to 16.2%, from 16.1% in July.

This data is helpful ammunition for the doves (who want more monetary loosening, including QE3) at the next FED meeting.

Markets declined further (though no real panic) following the release of the data. However, there may well be speculation that this dreadful number will result in QE3, as early as September, which will be positive for markets. Personally, I won't be surprised if the US markets rally, especially after the close of the European markets.

Will be buying after US markets open and the markets settle down following the initial sell off. Also around the European close.

Surprisingly, the US\$ has not weakened, which is not particularly helpful.

Gold (up to US\$1875) and silver are rocketing - interestingly Fresnillo (a UK quoted silver/gold mining company - ticker FRES) is lower, indeed near its lows of the day - don't understand, especially as other precious metal stocks are rising - may well be tempted for a short term trade.

Have to break my habit of not investing in precious metal stocks, though.

Could not resist - just bought some Fresnillo. Don't all email please.

Also bought some Tullow Oil (Ticker TLW) - a recommendation by the guru + potential M&A play (alleged, and I stress alleged, Chinese interest, given its undervalued Oil assets in Africa - cheap anyway).